

Kosygina, Julia

From: Levy, Robin
Sent: Thursday, April 28 2011 9:09 AM
To: Kosygina, Julia
Subject: Gazprom reports its consolidated financial results under International Financial Reporting Standards (IFRS) for the year ending 31 December 2010
Attachments: image001.png

Below please find a release from OAO Gazprom reporting its consolidated 2010 financial results. Please don't hesitate to contact me if you have any questions.



28.04.2011

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Gazprom reports its consolidated financial results under International Financial Reporting Standards (IFRS) for the year ending 31 December 2010

On 28 April 2010 OAO Gazprom issued its audited consolidated financial statements prepared in accordance with International Financial Reporting Standards for the year ending 31 December 2010.

The table below presents the consolidated statement of comprehensive income prepared in accordance with IFRS for the year ending 31 December 2010 and 2009. All amounts are presented in millions of Russian Roubles.

	Year ending 31 December,	
	2010	2009
Sales	3,597,054	2,991,001
Net gain from trading activity	6,256	4,171
Operating expenses	(2,440,777)	(2,092,832)
Impairment provision and other provisions	(48,711)	(45,428)
Operating profit	1,113,822	856,912
Purchase of non-controlling interest in OAO Gazprom neft	-	13,865
Gain from disposal of interest in OAO NOVATEK	77,375	-
Gain from swap of assets transaction	-	105,470
Finance income	171,841	375,799
Finance expense	(169,147)	(441,487)
Share of net income of associated undertakings and jointly controlled entities	76,520	62,557
Gains on disposal of available-for-sale financial assets	3,292	6,319
Profit before profit tax	1,273,703	979,435
Current profit tax expense	(249,387)	(182,255)
Deferred profit tax expense	(26,323)	(3,387)

Profit tax expense	(275,710)	(185,642)
Profit for the year	997,993	793,793

Other comprehensive income

Gains arising from change in fair value of available-for-sale financial assets, net of tax	18,904	32,193
Share of other comprehensive income of associated undertakings and jointly controlled entities	4,100	7,098
Translation differences	(9,407)	1,704
Revaluation of equity interest	-	9,911
Other comprehensive income for the year, net of tax	13,597	50,906
Total comprehensive income for the year	1,011,590	844,699

Profit attributable to:		
owners of OAO Gazprom	968,557	779,585
non-controlling interest	29,436	14,208
	997,993	793,793

Total comprehensive income attributable to:		
owners of OAO Gazprom	981,280	835,182
non-controlling interest	30,310	9,517
	1,011,590	844,699

Sales (net of excise tax, VAT and customs duties) increased by RR 606,053 million, or 20 percent, to RR 3,597,054 million in the year ending 31 December 2010 compared to the year ending 31 December 2009. More detailed information on our sales for the years ending 31 December 2010 and 2009 is presented in the table below.

in millions of RR (unless otherwise stated)	Year ending 31 December,	
	2010	2009
Sales of gas		
<i>Europe and other countries</i>		
Net sales (net of excise tax and customs duties)	1,099,225	1,105,453
Volumes in bcm	148.1	148.3
Average price, RR per mcm (including excise tax and customs duties)	9,166.6	9,413.5
<i>FSU (Former Soviet Union)</i>		
Net sales (net of VAT and customs duties)	450,137	309,929
Volumes in bcm	70.2	56.7
Average price, RR per mcm (including customs duties and net of VAT)	7,039.0	6,411.1
<i>Russian Federation</i>		
Net sales (net of VAT)	636,843	503,121
Volumes in bcm	277.3	273.5
Average price, RR per mcm (net of VAT)	2,296.8	1,839.5

Total sales of gas

Net sales (net of excise tax, VAT and customs duties)	2,186,205	1,918,503
Volumes in bcm	495.6	478.5
Net sales of refined products (net of excise tax, VAT and customs duties)	709,062	540,505
Net electric and heat energy sales (net of VAT)	288,655	192,826
Net sales of crude oil and gas condensate (net of excise tax, VAT and customs duties)	196,074	176,403
Net gas transportation sales (net of VAT)	92,631	65,563
Other revenues (net of VAT)	<u>124,427</u>	<u>97,201</u>
Total sales (net of excise tax, VAT and customs duties)	3,597,054	2,991,001

Net sales of gas increased by RR 267,702 million, or 14 percent, to RR 2,186,205 million in the year ending 31 December 2010 compared to the year ending 31 December 2009. This increase was due to the growth of volumes of gas sold to Former Soviet Union countries, due to the increase of tariffs for domestic gas sales which are set by the Federal Tariffs Service as well as due to the increase of average realized prices for gas sold to Former Soviet Union countries.

For the year ending 31 December 2010 net sales of gas to Europe and other countries decreased by RR 6,228 million, or 1 percent, to RR 1,099,225 million compared to the year ending 31 December 2009. This mainly results from the decrease of average realized prices in RR terms (including excise tax and customs duties) by 3 percent.

Net sales of gas to FSU countries increased by RR 140,208 million, or 45 percent, to RR 450,137 million in the year ending 31 December 2010 compared to the year ending 31 December 2009. The increase of sales in this segment is explained by the increase of the volume of gas sold by 24 percent, or 13.5 bcm, which was enhanced by the increase of average realized prices in RR terms (including excise tax and customs duties) by 10 percent.

Net sales of gas in the domestic market increased by RR 133,722 million, or 27 percent, to RR 636,843 million in the year ending 31 December 2010 compared to the year ending 31 December 2009. This is explained primarily by the increase in the average domestic price for gas set by the Federal Tariffs Service, which was enhanced by the increase of the volume of gas sold by 1 percent, or 3.8 bcm.

Net sales of refined products increased by RR 168,557 million, or 31 percent, to RR 709,062 million in the year ending 31 December 2010 compared to the year ending 31 December 2009. The increase mainly resulted from the increase of prices for refined products, the increase of volumes of refined products sold by Gazprom neft Group in the domestic market, as well as from the acquisition of new assets by Gazprom neft Group in 2009.

Net sales of electric and heat energy increased by RR 95,829 million, or 50 percent, to RR 288,655 million in the year ending 31 December 2010 compared to the year ending 31 December 2009. This increase was mainly due to consolidation of TGC-1 starting from 31 December 2009 after control over that entity was obtained and due to increase of sales of electric and heat energy related to other energy subsidiaries of the Group.

Net sales of crude oil and gas condensate increased by RR 19,671 million, or 11 percent, to RR 196,074 million in the year ending 31 December 2010 compared to the year ending 31 December 2009. The increase related mainly to activities of Gazprom neft Group: sales of crude oil increased by RR 11,319 million, or 7 percent, to RR 169,193 million in the year ending 31 December 2010 compared to the year ending 31 December 2009. Increase of gas condensate sales was due to the increase of both average realized prices and volume of gas condensate sold.

Net gas transportation sales increased by RR 27,068 million, or 41 percent, to RR 92,631 million in the year ending 31 December 2010 compared to the year ending 31 December 2009. The increase was mainly due to increase in gas volumes transported for independent gas suppliers.

Operating expenses increased by RR 347,945 million, or 17 percent, to RR 2,440,777 million in the year ending 31 December 2010 compared to the year ending 31 December 2009.

Major items whose growth resulted in the increase of the total amount of operating expenses are as follows: staff costs (increase by RR 86,869 million), exchange rate differences on operating items (change by RR 57,099 million), taxes other than on income (increase by RR 45,230 million), transit of gas, oil and refined products (increase by RR 39,815 million).

In the year ending 31 December 2010 our profit for the period attributable to owners of OAO Gazprom totaled RR 968,557 million which is RR 188,972 million, or 24 percent, higher compared to the year ending 31 December 2009.

Our net debt balance (defined as the sum of short-term borrowings, including current portion of long-term borrowings, short-term promissory notes payable, long-term borrowings, long-term promissory notes payable and restructured tax liabilities, net of cash and cash equivalents and balances of cash and cash equivalents restricted as to withdrawal under the terms of certain borrowings and other contractual obligations) decreased by RR 501,314 million, or 37 percent, from RR 1,372,307 million as of 31 December 2009 to RR 870,993 million as of 31 December 2010. This can be explained by the decrease in long-term and short-term borrowings primarily caused by early repayment of long-term borrowings as well as by deconsolidation of Group's banking subsidiaries in 2010 and increase in cash and cash equivalents.

For more detailed information on IFRS consolidated financial statements for the year ending 31 December 2010, please, refer to the web-site of OAO Gazprom (www.gazprom.ru).

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Robin Levy
Account Executive, Public Affairs
+1 202 835 9464

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